

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0322P**

Gross Income Tax - Penalty  
For Calendar Years 1994, 1995, 1996, and 1997

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**ISSUE(S)**

I. **Tax Administration**—Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer was audited for calendar years 1994, 1995, 1996, and 1997. Upon audit it was discovered that the taxpayer failed to report and pay tax on gross income.

Taxpayer protests the penalty and states that reasonable cause exists because it has had an excellent record in complying with Indiana's tax statutes, has been a good corporate citizen, and during the audit had cooperated fully with the auditor. It has also changed its filing procedures in order to reflect the changes made as a result of the audit.

I. **Tax Administration**—Penalty

**DISCUSSION**

Taxpayer states reasonable cause exists because it has always exercised due diligence in complying with the income tax rules and has cooperated fully with the auditor.

Taxpayer was assessed a negligence penalty because it failed to report gross income. Taxpayer operates three sales offices in the state with thirteen personnel, and payroll in excess of one million dollars. Taxpayer should have made itself aware of the tax laws of Indiana when doing business in the state. The assessment amounts to approximately eighty percent (80%) to one hundred percent (100%)

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of the tax due. Taxpayer has not provided reasonable cause to allow a waiver of the penalty.

The department finds that a negligence penalty is proper.

**FINDING**

Taxpayer's protest is denied.

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